

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2493

Introduced by Assembly Member Bloom

February 21, 2014

An act to amend ~~Section 120110~~ Sections 34176 and 34191.4 of the Health and Safety Code, relating to ~~public health~~ *community redevelopment*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2493, as amended, Bloom. ~~Communicable disease prevention and control~~ *Redevelopment dissolution: housing projects: bond proceeds.*

Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law provides for the transfer of housing assets and functions previously performed by the dissolved redevelopment agency to one of several specified public entities. Existing law authorizes the successor housing entity to designate the use of, and commit, proceeds from indebtedness that was issued for affordable housing purposes prior to January 1, 2011, and was backed by the Low and Moderate Income Housing Fund.

This bill would instead authorize a successor housing entity to designate the use of, and commit, proceeds from indebtedness that was issued for affordable housing purposes prior to June 28, 2011, and would require the proceeds from bonds issued between January 1, 2011,

and June 28, 2011, be used for projects meeting certain criteria established in this bill for projects, to be funded by successor agencies generally, from proceeds of bonds issued during the same period.

Existing law authorizes the Department of Finance to issue a finding of completion to a successor agency that completes a due diligence review and meets other requirements. Upon receiving a finding of completion, a successor agency is authorized to expend excess bond proceeds derived from bonds issued on or before December 31, 2010, in a manner consistent with the original bond covenants.

The bill would expand this authorization to include the expenditure of excess bond proceeds derived from bonds issued on or before June 28, 2011, and would require proceeds derived from bonds issued between January 1, 2011, and June 28, 2011, to be used by successor agencies only for projects meeting certain criteria.

~~Existing law establishes the State Department of Public Health and sets forth its powers and duties, including, but not limited to, the licensing and regulation of health facilities, and the prevention and control of communicable diseases, including tuberculosis.~~

~~This bill would make technical, nonsubstantive changes to those provisions:~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 34176 of the Health and Safety Code is
- 2 amended to read:
- 3 34176. (a) (1) The city, county, or city and county that
- 4 authorized the creation of a redevelopment agency may elect to
- 5 retain the housing assets and functions previously performed by
- 6 the redevelopment agency. If a city, county, or city and county
- 7 elects to retain the authority to perform housing functions
- 8 previously performed by a redevelopment agency, all rights,
- 9 powers, duties, obligations, and housing assets, as defined in
- 10 subdivision (e), excluding any amounts on deposit in the Low and
- 11 Moderate Income Housing Fund and enforceable obligations
- 12 retained by the successor agency, shall be transferred to the city,
- 13 county, or city and county.
- 14 (2) The entity assuming the housing functions of the former
- 15 redevelopment agency shall submit to the Department of Finance

1 by August 1, 2012, a list of all housing assets that contains an
2 explanation of how the assets meet the criteria specified in
3 subdivision (e). The Department of Finance shall prescribe the
4 format for the submission of the list. The list shall include assets
5 transferred between February 1, 2012, and the date upon which
6 the list is created. The department shall have up to 30 days from
7 the date of receipt of the list to object to any of the assets or
8 transfers of assets identified on the list. If the Department of
9 Finance objects to assets on the list, the entity assuming the housing
10 functions of the former redevelopment agency may request a meet
11 and confer process within five business days of receiving the
12 department objection. If the transferred asset is deemed not to be
13 a housing asset as defined in subdivision (e), it shall be returned
14 to the successor agency and the provision of Section 34178.8 may
15 apply. If a housing asset has been previously pledged to pay for
16 bonded indebtedness, the successor agency shall maintain control
17 of the asset in order to pay for the bond debt.

18 (b) If a city, county, or city and county does not elect to retain
19 the responsibility for performing housing functions previously
20 performed by a redevelopment agency, all rights, powers, assets,
21 duties, and obligations associated with the housing activities of
22 the agency, excluding enforceable obligations retained by the
23 successor agency and any amounts in the Low and Moderate
24 Income Housing Fund, shall be transferred as follows:

25 (1) If there is no local housing authority in the territorial
26 jurisdiction of the former redevelopment agency, to the Department
27 of Housing and Community Development.

28 (2) If there is one local housing authority in the territorial
29 jurisdiction of the former redevelopment agency, to that local
30 housing authority.

31 (3) If there is more than one local housing authority in the
32 territorial jurisdiction of the former redevelopment agency, to the
33 local housing authority selected by the city, county, or city and
34 county that authorized the creation of the redevelopment agency.

35 (c) Commencing on the operative date of this part, the entity
36 that assumes the housing functions formerly performed by the
37 redevelopment agency and receives the transferred housing assets
38 may enforce affordability covenants and perform related activities
39 pursuant to applicable provisions of the Community

1 Redevelopment Law (Part 1 (commencing with Section 33000)),
2 including, but not limited to, Section 33418.

3 (d) Except as specifically provided in Section 34191.4, any
4 funds transferred to the city, county, or city and county or
5 designated entity pursuant to this section, together with any funds
6 generated from housing assets, as defined in subdivision (e), shall
7 be maintained in a separate Low and Moderate Income Housing
8 Asset Fund which is hereby created in the accounts of the entity
9 assuming the housing functions pursuant to this section. Funds in
10 this account shall be used in accordance with applicable
11 housing-related provisions of the Community Redevelopment Law
12 (Part 1 (commencing with Section 33000)).

13 (e) For purposes of this part, “housing asset” includes all of the
14 following:

15 (1) Any real property, interest in, or restriction on the use of
16 real property, whether improved or not, and any personal property
17 provided in residences, including furniture and appliances, all
18 housing-related files and loan documents, office supplies, software
19 licenses, and mapping programs, that were acquired for low- and
20 moderate-income housing purposes, either by purchase or through
21 a loan, in whole or in part, with any source of funds.

22 (2) Any funds that are encumbered by an enforceable obligation
23 to build or acquire low- and moderate-income housing, as defined
24 by the Community Redevelopment Law (Part 1 (commencing with
25 Section 33000)) unless required in the bond covenants to be used
26 for repayment purposes of the bond.

27 (3) Any loan or grant receivable, funded from the Low and
28 Moderate Income Housing Fund, from homebuyers, homeowners,
29 nonprofit or for-profit developers, and other parties that require
30 occupancy by persons of low or moderate income as defined by
31 the Community Redevelopment Law (Part 1 (commencing with
32 Section 33000)).

33 (4) Any funds derived from rents or operation of properties
34 acquired for low- and moderate-income housing purposes by other
35 parties that were financed with any source of funds, including
36 residual receipt payments from developers, conditional grant
37 repayments, cost savings and proceeds from refinancing, and
38 principal and interest payments from homebuyers subject to
39 enforceable income limits.

1 (5) A stream of rents or other payments from housing tenants
2 or operators of low- and moderate-income housing financed with
3 any source of funds that are used to maintain, operate, and enforce
4 the affordability of housing or for enforceable obligations
5 associated with low- and moderate-income housing.

6 (6) (A) Repayments of loans or deferrals owed to the Low and
7 Moderate Income Housing Fund pursuant to subparagraph (G) of
8 paragraph (1) of subdivision (d) of Section 34171, which shall be
9 used consistent with the affordable housing requirements in the
10 Community Redevelopment Law (Part 1 (commencing with
11 Section 33000)).

12 (B) Loan or deferral repayments shall not be made prior to the
13 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the
14 maximum repayment amount authorized each fiscal year for
15 repayments made pursuant to this paragraph and subdivision (b)
16 of Section 34191.4 combined shall be equal to one-half of the
17 increase between the amount distributed to taxing entities pursuant
18 to paragraph (4) of subdivision (a) of Section 34183 in that fiscal
19 year and the amount distributed to taxing entities pursuant to that
20 paragraph in the 2012–13 base year. Loan or deferral repayments
21 made pursuant to this paragraph shall take priority over amounts
22 to be repaid pursuant to subdivision (b) of Section 34191.4.

23 (f) If a development includes both low- and moderate-income
24 housing that meets the definition of a housing asset under
25 subdivision (e) and other types of property use, including, but not
26 limited to, commercial use, governmental use, open space, and
27 parks, the oversight board shall consider the overall value to the
28 community as well as the benefit to taxing entities of keeping the
29 entire development intact or dividing the title and control over the
30 property between the housing successor and the successor agency
31 or other public or private agencies. The disposition of those assets
32 may be accomplished by a revenue-sharing arrangement as
33 approved by the oversight board on behalf of the affected taxing
34 entities.

35 (g) (1) (A) The entity assuming the housing functions pursuant
36 to this section may designate the use of and commit indebtedness
37 obligation proceeds that remain after the satisfaction of enforceable
38 obligations that have been approved in a Recognized Obligation
39 Payment Schedule and that are consistent with the indebtedness
40 obligation covenants. The proceeds shall be derived from

1 indebtedness obligations that were issued for the purposes of
2 affordable housing prior to ~~January 1, 2011, and were backed by~~
3 ~~the Low and Moderate Income Housing Fund June 28, 2011. Bond~~
4 ~~proceeds derived from bonds issued between January 1, 2011, and~~
5 ~~June 28, 2011, shall only be used for projects that meet the criteria~~
6 ~~set forth in subparagraph (A) or (B) of paragraph (1) of subdivision~~
7 ~~(c) of Section 34191.4.~~ Enforceable obligations may be satisfied
8 by the creation of reserves for the projects that are the subject of
9 the enforceable obligation that are consistent with the contractual
10 obligations for those projects, or by expending funds to complete
11 the projects.

12 (B) The entity assuming the housing functions pursuant to this
13 section shall provide notice to the successor agency of any
14 designations of use or commitments of funds specified in
15 subparagraph (A) that it wishes to make at least 20 days before
16 the deadline for submission of the Recognized Obligation Payment
17 Schedule to the oversight board. Commitments and designations
18 shall not be valid and binding on any party until they are included
19 in an approved and valid Recognized Obligation Payment
20 Schedule. The review of these designations and commitments by
21 the successor agency, oversight board, and Department of Finance
22 shall be limited to a determination that the designations and
23 commitments are consistent with bond covenants and that there
24 are sufficient funds available.

25 (2) Funds shall be used and committed in a manner consistent
26 with the purposes of the Low and Moderate Income Housing Asset
27 Fund. Notwithstanding any other law, the successor agency shall
28 retain and expend the excess housing obligation proceeds at the
29 discretion of the succeeding housing entity, provided that the
30 successor agency ensures that the proceeds are expended in a
31 manner consistent with the indebtedness obligation covenants and
32 with any requirements relating to the tax status of those obligations.
33 The amount expended shall not exceed the amount of indebtedness
34 obligation proceeds available and such expenditure shall constitute
35 the creation of excess housing proceeds expenditures to be paid
36 from the excess proceeds. Excess housing proceeds expenditures
37 shall be listed separately on the Recognized Obligation Payment
38 Schedule submitted by the successor agency.

39 (h) Subdivisions (d) and (e) of Section 33334.3 and any other
40 applicable sections of the Community Redevelopment Law shall

1 apply for purposes of funding administrative and planning costs
2 associated with the implementation of this section. For this purpose,
3 the term “Low and Moderate Income Housing Fund” shall mean
4 the “Low and Moderate Income Housing Asset Fund.” This section
5 shall not be construed to provide any stream of tax increment
6 financing.

7 *SEC. 2. Section 34191.4 of the Health and Safety Code is*
8 *amended to read:*

9 34191.4. The following provisions shall apply to any successor
10 agency that has been issued a finding of completion by the
11 Department of Finance:

12 (a) All real property and interests in real property identified in
13 subparagraph (C) of paragraph (5) of subdivision (c) of Section
14 34179.5 shall be transferred to the Community Redevelopment
15 Property Trust Fund of the successor agency upon approval by the
16 Department of Finance of the long-range property management
17 plan submitted by the successor agency pursuant to subdivision
18 (b) of Section 34191.7 unless that property is subject to the
19 requirements of any existing enforceable obligation.

20 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon
21 application by the successor agency and approval by the oversight
22 board, loan agreements entered into between the redevelopment
23 agency and the city, county, or city and county that created by the
24 redevelopment agency shall be deemed to be enforceable
25 obligations provided that the oversight board makes a finding that
26 the loan was for legitimate redevelopment purposes.

27 (2) If the oversight board finds that the loan is an enforceable
28 obligation, the accumulated interest on the remaining principal
29 amount of the loan shall be recalculated from origination at the
30 interest rate earned by funds deposited into the Local Agency
31 Investment Fund. The loan shall be repaid to the city, county, or
32 city and county in accordance with a defined schedule over a
33 reasonable term of years at an interest rate not to exceed the interest
34 rate earned by funds deposited into the Local Agency Investment
35 Fund. The annual loan repayments provided for in the recognized
36 obligations payment schedules shall be subject to all of the
37 following limitations:

38 (A) Loan repayments shall not be made prior to the 2013–14
39 fiscal year. Beginning in the 2013–14 fiscal year, the maximum
40 repayment amount authorized each fiscal year for repayments

1 made pursuant to this subdivision and paragraph (7) of subdivision
2 (e) of Section 34176 combined shall be equal to one-half of the
3 increase between the amount distributed to the taxing entities
4 pursuant to paragraph (4) of subdivision (a) of Section 34183 in
5 that fiscal year and the amount distributed to taxing entities
6 pursuant to that paragraph in the 2012–13 base year. Loan or
7 deferral repayments made pursuant to this subdivision shall be
8 second in priority to amounts to be repaid pursuant to paragraph
9 (7) of subdivision (e) of Section 34176.

10 (B) Repayments received by the city, county or city and county
11 that formed the redevelopment agency shall first be used to retire
12 any outstanding amounts borrowed and owed to the Low and
13 Moderate Income Housing Fund of the former redevelopment
14 agency for purposes of the Supplemental Educational Revenue
15 Augmentation Fund and shall be distributed to the Low and
16 Moderate Income Housing Asset Fund established by subdivision
17 (d) of Section 34176.

18 (C) Twenty percent of any loan repayment shall be deducted
19 from the loan repayment amount and shall be transferred to the
20 Low and Moderate Income Housing Asset Fund, after all
21 outstanding loans from the Low and Moderate Income Housing
22 Fund for purposes of the Supplemental Educational Revenue
23 Augmentation Fund have been paid.

24 (c) (1) Bond proceeds derived from bonds issued on or before
25 ~~December 31, 2010~~ June 28, 2011, shall be used for the purposes
26 for which the bonds were sold.

27 (A) *Bond proceeds derived from bonds issued between January*
28 *1, 2011, and June 28, 2011, shall only be used for projects which*
29 *meet the following criteria, as determined by a resolution issued*
30 *by the oversight board:*

31 (i) *The project shall be consistent with the sustainable*
32 *communities strategy adopted by the appropriate metropolitan*
33 *planning organization.*

34 (ii) *Two or more significant planning or implementation actions*
35 *shall have occurred on or before December 31, 2010. The term*
36 *“significant planning and implementation actions” means any of*
37 *the following:*

38 (I) *An action approved by the governing body of the city, the*
39 *board of the former redevelopment agency, or the planning*

1 *commission directly related to the planning or implementation of*
2 *the project.*

3 *(II) The project is included within an approved city or*
4 *redevelopment agency planning document, including, but not*
5 *limited to, a redevelopment agency five-year implementation plan,*
6 *capital improvement plan, master plan, or other planning*
7 *document.*

8 *(III) The expenditure of more than twenty-five thousand dollars*
9 *(\$25,000) on planning related activities for the project within one*
10 *fiscal year, or fifty thousand dollars (\$50,000) in total, over*
11 *multiple fiscal years.*

12 *(iii) Documentation dated on or before December 31, 2010,*
13 *shall be provided indicating the intention to finance all or a portion*
14 *of the project with the future issuance of long-term debt.*

15 *(iv) Each construction contract over one hundred thousand*
16 *dollars (\$100,000) shall include a provision that prevailing wage*
17 *will be paid by the contractor and all of that contractor's*
18 *subcontractors.*

19 *(v) For each construction contract over two hundred fifty*
20 *thousand dollars (\$250,000), the successor agency shall require*
21 *prospective contractors to submit a standardized questionnaire*
22 *and financial statements as part of their bid package, to establish*
23 *the contractor's financial ability and experience in performing*
24 *large construction projects.*

25 *(B) Any city that funded an eligible project, meeting the criteria*
26 *listed in clauses (i) to (iii), inclusive, of subparagraph (A) with*
27 *funds other than redevelopment funds, within the two years prior*
28 *to the effective date of the act adding this paragraph, shall be*
29 *eligible to be reimbursed utilizing 2011 bond proceeds, if the*
30 *project meets the purpose for which the bonds were issued.*

31 *(2) (A) Notwithstanding Section 34177.3 or any other*
32 *conflicting provision of law, bond proceeds in excess of the*
33 *amounts needed to satisfy approved enforceable obligations shall*
34 *thereafter be expended in a manner consistent with the original*
35 *bond covenants. Enforceable obligations may be satisfied by the*
36 *creation of reserves for projects that are the subject of the*
37 *enforceable obligation and that are consistent with the contractual*
38 *obligations for those projects, or by expending funds to complete*
39 *the projects. An expenditure made pursuant to this paragraph shall*
40 *constitute the creation of excess bond proceeds obligations to be*

1 paid from the excess proceeds. Excess bond proceeds obligations
2 shall be listed separately on the Recognized Obligation Payment
3 Schedule submitted by the successor agency.

4 (B) If remaining bond proceeds cannot be spent in a manner
5 consistent with the bond covenants pursuant to subparagraph (A),
6 the proceeds shall be used to defease the bonds or to purchase
7 those same outstanding bonds on the open market for cancellation.

8 ~~SECTION 1. Section 120110 of the Health and Safety Code~~
9 ~~is amended to read:~~

10 ~~120110. As used in the Communicable Disease Prevention and~~
11 ~~Control Act (Section 27), a person has “active tuberculosis disease”~~
12 ~~when either one of the following occur:~~

13 ~~(a) A smear or culture taken from any source in the person’s~~
14 ~~body has tested positive for tuberculosis, and the person has not~~
15 ~~completed the appropriate prescribed course of medication for~~
16 ~~active tuberculosis disease.~~

17 ~~(b) There is radiographic, current clinical, or laboratory evidence~~
18 ~~sufficient to support a medical diagnosis of tuberculosis for which~~
19 ~~treatment is indicated.~~